How the Dutch East India Company invented world's first MNC

Investors received shares that could be transferred, which helped turn Amsterdam into an early centre of securities trading

By Zarif Faiaz

—Courtesy The Daily Star

ON a March day in 1602, the Dutch Republic tried to solve a problem of commerce with a piece of statecraft. Rival merchant groups were bidding up the cost of spices in Asia, squeezing profits at home, while the war for independence from Spain made overseas trade inseparable from national security. The answer was the Vereenigde Oostindische Compagnie, or VOC: a single chartered company with a monopoly on Dutch trade east of the Cape, and a mandate to defend it. Over the next two centuries, the VOC built a network of forts, factories and settlements from southern Africa across the Indian Ocean to Japan. It also created something that looks uncannily familiar: permanent share capital, tradable stock, a central board, regional chambers, layers of overseas management, and a culture that treated distance as a problem to be solved by paperwork. This is why the VOC is often described as the world's first multinational corporation, even if its rise came with an older, darker inheritance of coercion and conquest.

Dutch vs English

The VOC has rivals for the title of "first". The English East India Company was founded earlier, in 1600. But historians often point to the Dutch firm as the first multinational in a distinctly modern sense: it moved from temporary, single-voyage ventures to a permanent, centralised corporation designed to operate across borders for decades, funded by a broad shareholder base.

Dutch merchants had been pushing into Asian trade since the late 16th century through voyage-specific partnerships. By 1602, a flurry of expeditions had proved the profits were real, but also that competition among Dutch syndicates was self-defeating. The States General backed a merger that brought the pre-companies into one united enterprise, and granted it a renewable 21-year monopoly over Dutch trade in a vast maritime zone. The purpose was commercial and political at once: protect trade routes, squeeze out rivals, and help fund a young republic at war.

The structure mattered as much as the monopoly. The VOC raised capital from the public and locked it into the company rather than tying it to individual voyages. Investors received shares that could be transferred, which helped turn Amsterdam into an early centre of securities trading. The crucial shift was continuity: the company could keep operating even as ownership changed hands.

Limited liability

Early modern trade was hazardous, and investors had good reason to fear that one shipwreck could ruin them. One of the VOC's foundational contributions to corporate practice was to normalise a principle that now underpins modern company law: shareholders' risk was limited to what they had invested. The company, meanwhile, could survive the failure of individual voyages, borrow money, hold assets, and keep trading.

This legal and financial design accelerated a second shift that defines corporate culture today: the separation of ownership from control. Shareholders did not sail the ships or negotiate in Asian ports. They delegated authority to directors and managers, who delegated further to factors, clerks, captains, and soldiers spread across continents. That chain of delegation created scale, but it also created the perennial corporate problem: how to supervise managers who operate far from scrutiny, and how to reassure investors who can see little of what they own. At home, the VOC was organised into six chambers in Dutch port cities. Their delegates formed the Heeren XVII, the central board that set strategy and tried to supervise a far-flung organisation of warehouses, ships and personnel. This arrangement resembles a modern multinational's mix of powerful regional offices and a central board that controls capital allocation, priorities and policy.

Overseas, the company's answer to distance was bureaucracy. Letters, reports, account books and rules were the tools that turned scattered outposts into something that behaved like a single entity. It was corporate governance by paperwork, and it worked well enough to sustain an empire of trade for generations.

Issuance of first IPO

The VOC is widely recognised as the first company to issue publicly tradable shares at scale, a step that helped create the architecture of the modern stock market. It did not merely ask a handful of merchants to underwrite one expedition. It gathered funds from a broad investor base and made ownership liquid.

That liquidity changed the relationship between the company and the shareholders. Shares could be bought and sold, and price movements became a running verdict on confidence, rumour and expectation. Early Amsterdam trading produced practices that feel familiar: speculation, sophisticated contracts, and disputes about whether market activity helped discipline management or destabilised it. Just as today, the existence of shareholders did not guarantee control, only pressure.

Forgotten footprint

One of the most striking reminders of the VOC's global network sits not in the Netherlands, but in Bengal.

A seventeenth-century Dutch trading post at Hooghly Chinsurah became the base of the VOC in Bengal, staffed by dozens of Dutch employees and more than a hundred local workers, and focused on commodities that modern multinationals would recognise as supply chain essentials: silk, textiles, opium and saltpetre. This matters for two reasons. First, it underlines the company's multinational character. Bengal was not a marginal stop. It was a managed node in a corporate system that linked European capital to Asian production and global distribution. The VOC did not simply "trade with Asia" as a single market. It operated a network of regional hubs, each with its own specialised procurement role, feeding into wider corporate objectives.

Second, it ties the world's first multinational corporation to Bengal's economic history. The Hooghly lodge, depicted in a well-known painting now in the Rijksmuseum in Amsterdam, shows the VOC not just as a maritime trader but as an employer, administrator and armed presence in the region. It also points to the human cost: the museum notes that in the seventeenth century, Bengal was among the places where the VOC and its employees bought large numbers of enslaved people, who were transported to other company outposts around the Indian Ocean.

Legacy in today's corporate culture

The VOC's early success did not make it immortal. Over time, it became more deeply entangled in the politics and landholding of its Asian possessions. Costs rose, competition intensified, corruption spread, and the burden of defence and administration grew heavier. By the end of the 18th century, the company was heavily indebted, and in 1799 its charter ended, with its assets and liabilities absorbed by the Dutch state.

Yet the VOC's legacy remains visible in the architecture of modern corporate life. It normalised the idea that a company could be bigger than its founders, with ownership dispersed among large numbers of investors and management delegated to professionals. It embedded the boardroom as a centre of power, balancing regional interests, political pressure and shareholder expectations. It showed how standardised branding and documentation could turn a far-flung trading network into a single corporate identity. It also revealed how monopoly privilege and state support can accelerate corporate growth, and how weak oversight can invite abuses.

Most importantly, the VOC demonstrated that a company could operate as a global system: capital raised in one country, decisions made by a central board, procurement organised through regional directorates, and risk pushed down supply chains spanning continents. That is the multinational corporation as we still recognise it.

The VOC's legacy, in the end, cannot be separated from the methods used to sustain its profits. Monopoly in a world of competing powers often meant coercion. In the Banda Islands, the nutmeg-rich archipelago the company was determined to control, the campaign culminated in 1621 when Jan Pieterszoon Coen ordered the capture of the Banda Archipelago, an episode Cambridge University Press describes as genocide that destroyed Bandanese civilisation and secured a VOC monopoly over nutmeg and mace production.

The costs were profound and not incidental. The same tools that enabled scale, limited liability, delegated authority and monopoly power also enabled exploitation, opacity and violence. The modern corporate world inherited the structures the VOC helped pioneer, and it inherited the moral arguments that follow them.—The Daily Star (Bangladesh)/ANN

Seoul issues denial as N. Korea claims new drone incursions

NORTH Korea stepped up pressure on South Korea over the weekend, claiming that South Korean drones had been flown over its territory — an allegation immediately denied by Seoul, which has been seeking a breakthrough in stalled inter-Korean dialogue.

The exchange followed Pyongyang's claim on Saturday that South Korea had infringed on its sovereignty through drone incursions in September and again in the past week. South Korea's Defence Ministry rejected the accusation, saying the drones in question were not models operated by the South Korean military.

On Sunday, Kim Yo-jong, North Korean leader Kim Jong-un's sister and vice department director of the ruling Workers' Party of Korea, reiterated the accusation, stressing that Pyongyang views the alleged drone intrusion as a provocation regardless of political leadership in Seoul.

Kim described Seoul's initial response as a "wise choice," but made clear it did not alter North Korea's assessment of the incident.

She said it was "irrelevant whether the act occurred under the Yoon administration or the current Lee government." She also rejected Seoul's argument that the drone may have been operated by civilians, saying the essence of the issue lay not in "who operated the drone but in the violation of North Korea's airspace itself."

Her remarks, also published in the Rodong Sinmun, the official newspaper of the Workers' Party, were followed by Cheong Wa Dae's statement that the Seoul government once again confirms that it has no intention of provoking or irritating the North Korean side.

Cheong Wa Dae said a joint military-police investigation would be conducted in addition to the military's initial probe and pledged to swiftly release the results. —The Korea Herald/ANN

Time for US to stop violating UN charter

By Jeffrey D. Sachs

THE issue today is not the character of the government of Venezuela. The issue is whether any member state — by force, coercion, or economic strangulation — has the right to determine Venezuela's political future or to exercise control over its affairs.

This question goes directly to Article 2 (4) of the United Nations Charter, which prohibits the threat or use of force against the territorial integrity or political independence of any state. The Security Council must decide whether that prohibition is to be upheld or abandoned. Abandoning it would carry consequences of the gravest kind.

Since 1947, the United States foreign policy has repeatedly employed force, covert action and political manipulation to bring about regime changes in other countries. In her book *Covert Regime Change* (2018), political scientist Lindsey O'Rourke documents 70 regime-change operations attempted by the US between 1947 and 1989 alone.

These practices did not end with the Cold War. Since 1989, major US regime-change operations undertaken without authorisation by the Security Council have included Iraq in 2003, Libya in 2011, Syria from 2011, Honduras in 2009, Ukraine in 2014 and Venezuela from 2002 onward.

The methods employed include open warfare, covert intelligence operations, instigation of unrest, support for armed groups, manipulation of mass and social media, bribery of military and civilian officials, targeted assassinations, false-flag operations and economic warfare aimed at collapsing civilian life. These measures are illegal under the UN Charter, and they typically result in violence, lethal conflict, political instability and deep suffering of the civilian population.

The US efforts for regime change in Venezuela span two decades. In April 2002, the US approved an attempted coup against the Venezuelan government. In the 2010s, the US funded civil society groups engaged in anti-government protests. When the government cracked down, the US imposed sanctions. In 2015, US president Barack Obama declared Venezuela to be "an unusual and extraordinary threat to the national security and foreign policy of the US".

In 2017, on the margins of the UN General Assembly, US President Donald Trump openly discussed the option of invading Venezuela to overthrow the government. From 2017 to 2020, the US imposed sweeping sanctions on Venezuela's state oil company. Between 2016 and 2020, oil production fell by 75pc, and real GDP per capita (PPP) declined by 62pc.

The UN General Assembly has repeatedly voted overwhelmingly against such unilateral coercive measures. Under international law, only the Security Council has the authority to impose such sanctions.

On Jan 23, 2019, the US unilaterally recognised Juan Guaid as "interim president" of Venezuela. Five days later, on Jan 28, 2019, it froze approximately $7 billion of Venezuelan sovereign assets held abroad and gave Guaid authority over certain assets.

In the past year, the US has carried out bombing operations in seven countries, none of which were authorised by the Security Council or undertaken in lawful self-defence under the Charter. The targeted countries include Iran, Iraq, Nigeria, Somalia, Syria, Yemen and now Venezuela. In the past month, Trump has issued direct threats against at least six UN member states, including Colombia, Denmark, Iran, Mexico, Nigeria and, of course, Venezuela.

Members of the Security Council are not called upon to judge Nicol s Maduro or assess whether the recent US attack and ongoing naval quarantine of Venezuela result in freedom or in subjugation. They are called upon to defend international law, and specifically the UN Charter.

The realist school of international relations accurately describes the condition of international anarchy as "the tragedy of great power politics". Its conclusion is that international anarchy leads to tragedy. In the aftermath of World War I, the League of Nations was created to end the tragedy through the application of international law. Yet the world's leading nations failed to defend international law in the 1930s, leading to another global war.

The UN emerged from that catastrophe as humanity's second great effort to place international law above anarchy. In the words of the Charter, the UN was created "to save succeeding generations from the scourge of war, which twice in our lifetime has brought untold sorrow to mankind."

Given that we are in the nuclear age, failure cannot be repeated. Humanity would perish. There would be no third chance. To fulfill its responsibilities under the Charter, the Security Council should immediately affirm that the US shall immediately cease and desist from all explicit and implicit threats or use of force against Venezuela. It shall terminate its naval quarantine and all related coercive military measures undertaken without authorisation by the Security Council. The US shall immediately withdraw its military forces from within and along the perimeter of Venezuela. The UN Secretary General shall immediately appoint a Special Envoy, mandated to engage relevant Venezuelan and international stakeholders and to report back to the Security Council within 14 days with recommendations consistent with the UN Charter. All member states shall refrain from unilateral threats, coercive measures or armed actions undertaken outside the authority of the Security Council, in strict conformity with the Charter.—China Daily/ANN

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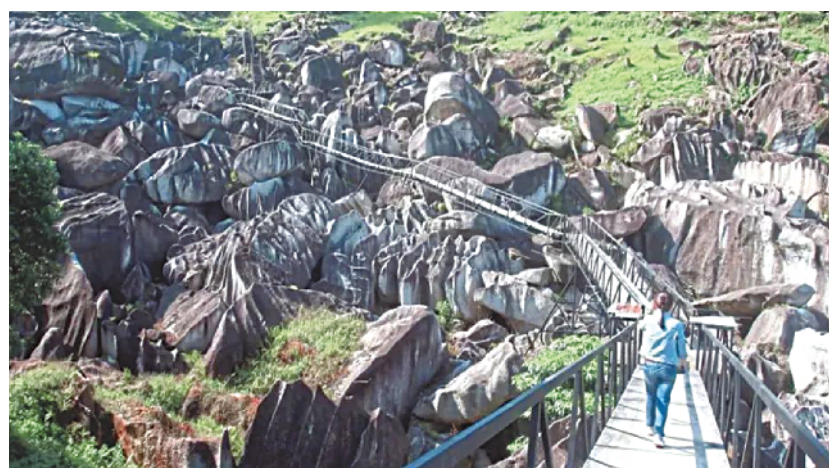
TOKYO: Participants pray as they take an ice-cold bath during a ceremony to purify their souls at a shrine on Sunday.—Reuters

YANGON: Members of the Union Election commission prepare to count ballots after the polls closed at a polling station during the second phase of Myanmar's general election on Sunday.—AFP



A PINNACLE rock formation that attracts tourists.—Courtesy The Star

Malaysians enjoy a holiday and tax relief at the same time

IPOH: With the clock ticking on the school holidays and a RM1,000 personal income tax relief for domestic tourism up for grabs, families are making the most of their final getaway before the new school term begins next week.

For policeman Muhamad Salahuddin Ismail, 42, from Kedah, the incentive helped seal the decision to bring his two children, aged six and 12, to Ipoh for a three-day, two-night break.

The family plans to explore the city on foot, taking in Ipoh's well-preserved colonial buildings and the stories behind them. Museum-hopping is also on the itinerary.

"The tax relief is definitely a great move. Being able to claim back some of what we spend helps offset our travel costs," he said.

More importantly, he added, the trip gives his children a chance to learn about the history and beauty of other states.

"I wanted to bring them here before school starts next week so we can spend quality time together before everyone gets busy again," said Muhamad Salahuddin.

The special RM1,000 tax relief was announced by Prime Minister Datuk Seri Anwar Ibrahim during the tabling of Budget 2026 last October to encourage domestic travel in conjunction with Visit Malaysia 2026.

The new school session begins on Jan 11 for Group A states and Jan 12 for Group B states. Civil servant Marzuki Mohd Hussein, 40, from Kuala Kangsar, also took advantage of the holidays by travelling with his four children, aged between six and 14, to Bertam in Kepala Batas, Penang.

"For a family of six, holiday costs can add up quickly. This tax relief really helps," he said, adding that his total spending came to between RM2,000 and RM3,000, including a visit to a theme park. Being able to claim part of those expenses, he said, would encourage more Malaysians to explore destinations closer to home while giving a boost to the domestic tourism sector.—The Star (Malaysia)/ANN

BANGKOK: People's Party leader and prime ministerial candidate Natthaphong Ruengpanyawut and other party members react to supporters during a general election campaign rally ahead of Thailand's general election.—Reuters

MUMBAI: Youngsters play cricket on a deserted road on Sunday morning.—AFP